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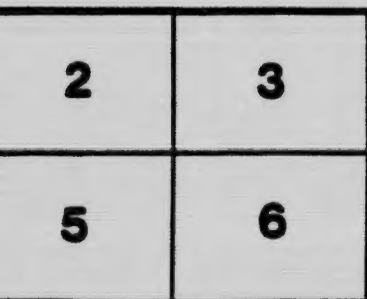
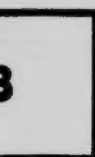
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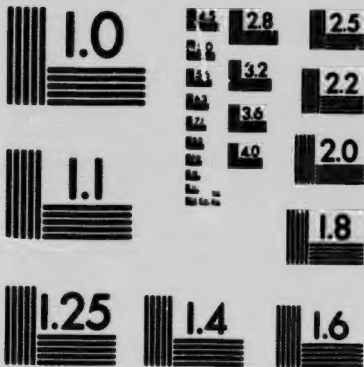
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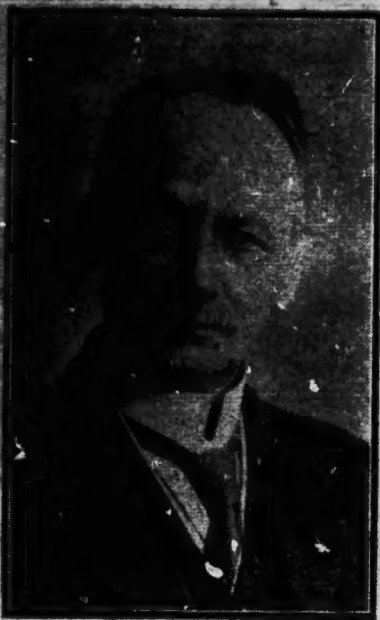
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# W. T. R. PRESTON'S

## Speech at Orono

### STARTLING REVELATIONS

Overseas Trade in Natural  
Products

\$20,000,000 Loss to Durham  
Farmers

Millions of Dollars May be  
Saved for Producers

At the Liberal Convention at Orono on September 14th, 1920, Mr. W. T. R. Preston, who for several years was attached to the Government service in Great Britain and other parts of the world, addressed a meeting on the overseas trade in Canadian perishable products. He furnished conclusive evidence of the enormous losses which had accrued to the farmers in the cost of transportation, and by the profits which had been retained overseas in alleged cost of the distribution of these products. The facts presented by Mr. Preston are startling, and have a direct and personal interest to every agriculturalist in the Dominion.

The speech was delivered at a meeting to consider the advisability of nominating a candidate to contest this Riding in the approaching election for the House of Commons.

Mr. Preston said: "It has been suggested that an explanation is probably

due to the electorate in justification for the Liberals nominating a candidate to contest the Riding at the next election for the House of Commons, in view of the fact that the United Farmers of Ontario have already placed a candidate in the field. This is perfectly natural, inasmuch as the U.F.O. and the Liberals are presumed to be equally opposed to the continuation of the present political rulers at Ottawa, coupled with the prevalent idea that their policies have much in common. It is quite true that upon not a few questions the Liberals and the Farmers hold identical views upon public questions. They each demand an end to the orgy of mal-administration of the Party in power at Ottawa—an end to the wholesale corruption and disregard for the decencies of government—an end to the utter disregard for democratic and constitutional procedure; and a demand that an early appeal shall be

made to the electorate. Each Party suggests policies which it is claimed will bring about better conditions to the great masses of the community, reduce to a most material extent the high cost of living, and which will also enable the country to meet its obligations incident to the war, and to the shameful waste of public money at Ottawa. (Hear! hear!)

#### Divergent Views on Important Questions

Upon the other hand, in one very important particular, there is a wide difference between the policy of the Liberals and that of the U.F.O. This is too clear to allow of any misunderstanding as to the respective attitude of each. The Farmers have declared for the entire abolition of the tariff, coupled with the declaration for securing, by a tax upon land, the amount of the revenue which is now derived from Customs duties. Look for a moment and see what this proposition means. The revenue from tariffs will probably reach \$250,000,000 annually. If you dispense with the Customs' duties and place an equal tax on the land, every Farmer in this Riding will have to put his hand in his pocket and pay over to the Dominion tax-gatherer not less than \$250 annually, and towns-people will be similarly taxed. This will be in addition to the tax which has to be paid upon nearly everything which one has to buy, and in addition to the Income tax which is slowly but surely coming down with full effect as the result of the work of the army of secret detectives who are now going through the country. There is no escape from this conclusion. To the entire abolition of the tariff and a direct tax upon land the Liberal Party is unalterably opposed. (Applause.) The demand for land taxation has, no doubt, come from the West, owing to the enormous areas being held for

speculative purposes. This appeal may have support there, but this Province has no place for such a policy. (Applause.) The Liberal Party has never advocated Free Trade with the world. It has advocated, and does now, reciprocal arrangements with the United States in natural products, and therefore stands in exactly the same position as the U.F.O. on the policy of Reciprocity.

#### A Question of Greater Importance

There are one or two questions of interest to the farmers of this Province, and to the farmers of this Riding specially, of vastly greater importance than many other topics of public discussion, and it is to these that I desire to direct your particular attention. There are two principal markets for the natural products of this country. One in the United States, the nearest geographically, but from time to time interfered with by fiscal barriers. The other is Great Britain, which is free. But the latter is disadvantageous to a marked extent, owing to the cost of transportation, and the expense which you pay for distribution after the products arrive overseas. The first difficulty to be overcome is the ocean freight rates, due to the steamship combine, and the second is due not a little to commercial usages, and to the existence of business rings and combines. Between these upper and nether millstones the profits of the Canadian farmer are ground to the vanishing point.

#### An Ever Hungry Market

Remember that there is in Great Britain a permanent market for every character and form of eatables. There is nothing which can be sent there in good condition which cannot be sold. But there is no sentiment in business transactions in that country. They will treat you squarely and honestly, but they will have the safe end of the

stick. Whatever risks you may be disposed to run, they will take cover and protect themselves. They will render an honest account to you on principles which are clearly defined. But they will take no risks on your account. They will pay you the lowest possible price to which you will agree, and that is your look-out; and they will sell at highest possible price, and that is their look-out. Everything that goes into their hands has to pass through a certain channel of jobbers and traders, and each one adds or takes his slice of profit. Hence the difference between the amount received by you as producer, and the prices which have to be paid by the British consumer. How this works out will be more readily understood when I tell you that during the war, when the British government laid down Australian mutton on the London docks at 5½ pence per pound, by the time it reached us we had to pay one shilling and ten pence per pound. The difference was swallowed up in the trade profits of the middlemen.

#### Loss of Millions to You

I propose dealing particularly with the export of apples to the United Kingdom, so that you may have a clear idea of a reasonable situation. A situation which has resulted in a loss to you of millions of dollars individually, and therefore to this country, during the last twenty years; and a situation which should long since have ceased to exist. And I want you to bear in mind that the principles governing the overseas apple trade are applicable, in a more or less degree, to all the natural products which this country sends overseas.

Now I wish you to note these astonishing figures:

Apples exported to Great Britain between 1900 and 1919 23,000,000 bbls.

Value placed by the exporters on these shipments . . . . \$66,000,000.

I think that it is a fair calculation to say that one-third of this represented the exporter's or trader's profit in Canada, and that, therefore, the farmers may have received \$45,000,000, or an average of \$2 a barrel during these years. I am sure I am not understating your receipts, at any rate. You know that your apples are sold by auction to the wholesale trader on arrival in Great Britain.

Now bear in mind that all fruit is retailed in Great Britain by the pound. During the great part of this period, between 1900 and 1919, I was in London, and studied the situation carefully, so I know whereof I speak. The figures I am going to give you are staggering. If you should be incredulous I shall not be surprised. I could scarcely credit the result of the calculations myself, until I had the figures checked by an experienced accountant. These apples for which you received \$45,000,000 were actually retailed to the British consumer within six months for the enormous sum of \$550,000,000. I am taking it for granted, as I have a right to do, that the apples which you exported reached overseas. The vast difference between the exported product and the amount which was paid by the British consumer represents the accumulated profit of the British traders through whose hands the apples passed. This is what is termed "the cost of distribution."

#### Equally Staggering Facts

During the winter of 1918 choice Canadian apples were selling in London at 4 shillings (\$1, per pound. This information reached me from members of my own family. The statement was confirmed by a press cable despatch about the same time stating that Sir Robert Borden had to



pay one dollar a pound in London for Canadian apples at Christmas. This means at the rate of \$130 per barrel, apples for which the Canadian grower probably received \$2.50. The fact is worth remembering. (Hear! hear.)

Later in the season the British government fixed a much lower price to be charged to consumers. Now look at the figures for 1919:

Number of barrels exported to Great Britain..... 3,334,860  
The exporters' valuation was.....\$14,392,000

For a comparatively short period there was no control over the prices which could be charged to the consumer, although the government fixed the maximum price to be paid to the Canadian exporter. During the period of non-control, consumers paid two shillings and two shillings and six pence a pound for Canadian apples or at the rate of from \$60 to \$75 per barrel. But when the government fixed the retail price at nine pence per pound, this reduced the rate to \$23.75 per barrel. You received, probably, \$2 per barrel for the identical apples.

#### The Actual Conditions To-day

One more illustration and I am done with this phase of the subject. At this hour there is being loaded at Montreal a consignment of apples from this county of Durnam, for which you were paid on an average of \$1.50 a barrel. There is control in Liverpool of the maximum price at which they shall be sold by auction, but until November 15th, there will be no control over retail prices. Apples are now selling in London at from one shilling to one shilling and six pence per pound, or at the rate of from \$30 to \$45 a barrel. You, the producer, received less than \$2 per barrel. I will venture the assertion that first class fruit, which you have in abundance, which reaches London within

a month, will be retailing at three shillings per pound, or at the rate of \$75 per barrel. Under this system you can readily see that enormous profits are being made at the expense of Canadian farmers.

#### Loss to This Riding of \$20,000,000

It is reasonable to say that not less than \$20,000,000 have been lost to the farmers of this Riding in the last twenty years under this system of doing business. The problem to be solved is how these losses to you can be averted, and how the profits that accrue to British traders can be secured to Canadian producers. These profits properly belong here. (Applause.) There is a remedy. It is an easy and certain one, and it is in your own hands.

#### Similar Conditions in South Africa

In 1907 I was asked by the Government of Cape Colony to visit the huge cold storage warehouse at Cape Town for the purpose of seeing how fruit was prepared for the London market. The peaches, pears and plums were magnificent. I knew that these fruits sold in London from nine pence to one shilling and six pence each, and I ventured to remark: "Your people must make very well out of this." Dr. Jamieson, the Prime Minister, replied: "Sometimes we get only enough to pay for the paper in which the fruit is wrapped. We are delighted if we get one half-penny each." I insisted that there was surely some remedy, but the reply was: "No, the London trade knows the day the shipment will reach Southampton, and is well aware that we have to sell at once. They fix the price and we have to take it or throw the fruit into the sea." I replied: "Why not build a cold storage plant at Southampton and distribute the fruit yourselves, retaining the enormous profits for your producers?" He explained that Cape Colony had

not the money to spare to go into such an expenditure.

#### **An Inspiration About Canadian Fruit**

In a flash I realised that Canadian fruit exporters were in exactly the same position. I had long studied the problem in London, but had never been able to find a solution. I then suggested that Cape Colony and Canada might unite their interests to erect the necessary plants, and organize distribution agencies in Great Britain. The members of the government who were present acquiesced in my suggestion, and authorized me to communicate their views to Ottawa, Sir Thomas Smart adding, as he knew I was going to Australia, it might be well to get Australia interested as well. This I eventually did with the assistance of the late J. S. Larke, of Oshawa. I communicated with Sir Wilfrid Laurier on the subject, dealing fully with the Canadian apple question. He was heartily in accord with my proposition. But one public question and another overshadowed this, partially assisted, no doubt, by my absence in Japan, and nothing was done.

#### **My Proposed Solution Approved Of**

When Sir Wilfrid Laurier was in London in 1911 I pressed it again on his attention. He authorized me to see Hon. Mr. Fielding on the question. Mr. Fielding finally told me to assure Sir Wilfrid that he would bring down to Parliament, on their return to Ottawa, a liberal estimate to erect cold-storage warehouses in England. Hon. Mr. Fisher also favored the proposal. But at Ottawa it was considerable inadvisable to introduce the question while the Reciprocity campaign was pending. So it went by the board with the defeat of the Laurier government in September. In 1912 I presented the proposition to the consideration of two members of the new government coupled with recom-

mendations about the restrictions of trade by the North Atlantic Steamship Combine. In 1913 I pressed both these questions upon the attention of Sir Henry Drayton, when he was sent to London to enquire into the operations of the steamship combine. I think I can see daylight elsewhere at the moment, but I do not feel that I have liberty to mention this detail. At any rate, I am going to ask your endorsement and approval to the project of the government erecting cold-storage accommodation in Great Britain for Canadian perishable products, so as to avoid the necessity of selling at auction immediately on arrival; and the organization for necessary distribution agencies overseas in order to ensure a considerable share of the enormous profits which are derived upon these products being returned to Canadian producers. (Applause.)

#### **A Golden Prospect for This Country**

I have been working upon this project for thirteen years. I have been repeatedly disappointed, but I never get discouraged. (Laughter) I never looked forward to this opportunity of making it a public issue. But it has come in a way that I know not. The apple growers of this Riding would be at least (\$20,000,000) twenty million dollars better off had this project been in operation. Every cross-roads store, every village and town would have been flourishing. Orchards instead of being neglected would be most carefully nursed. The lure of the city would have failed to attract the younger generation. They would have found more enjoyment and real coin of the realm in rural life. In every county where fruit or dairying engages attention, these flourishing conditions would prevail. Your efforts and your ballots can secure these conditions. (Applause.) Your's is the responsibility. (Cheers.)

### Another Obstacle to be Removed.

There is another question which must be satisfactorily settled coincident with the one to which I have referred, the elimination of the restrictions upon trade by the operations of the North Atlantic steamship combine. This ring sits overseas, fixing the freight rates which you must pay, and keeping them up to the last point of endurance which the trade will stand. It is one of the most heartless of all the world's combines. It raised the emigration rates above pre-conference times, until it accumulated in fourteen years, in excess charges alone, over eighty million dollars, (\$80,000,000) from struggling emigrants coming to the United States and Canada. Twenty years have passed since I reported its existence to Ottawa. It is a tremendously powerful organization, having its representatives on the floor of the Canadian Parliament. Every increase in ocean freight rates takes so much directly out of your pockets. In pre-war times the freight on apples overseas was fifty cents. Now it is \$2.50 and \$3. The rates upon wheat, cheese flour and everything else which you export is correspondingly increased.

### An Offer of Ocean Competition.

In 1913, because the millers complained that ocean freight rates almost put them out of overseas business, the government sent Sir Henry Drayton (now Finance Minister) to London to see what he could do towards getting matters in better shape. He secured conclusive evidence of the existence of the combine, and was assured of its deterrent effect upon Canadian trade, but he could do nothing. He then made it known that the government would consider offers for the establishment of a new Atlantic service. And he received an offer

through the London solicitor of a wealthy syndicate containing the following provisions,—

An anti-combine ocean service.

Control of rates by the government.

To cut the then freight rates on natural products in one-half.

Government to have control of any changes in the rates.

Company's profits limited to 7% on actual cash invested.

Government auditors to have free access to the Company's books.

Company's representative prepared to go to Ottawa at once.

Turned Down by Borden-Foster-Meighen.

The Syndicate making this offer consisted of millionaire shippers, ship-owners and one of the great ship-building companies of Great Britain. The government of which Hon. Arthur Meighen and Sir George Foster were the principal members never deigned to reply to the solicitor's letter. But the government stood in with the ocean combine, regardless of the effect of their action upon vital interests of this country.

### A Farmers' Policy Worth Considering

The proposition which I now make to you is to enter into a contest with these interests for your own protection. (Hear! hear!) You can win, if the rural vote of this Province is in earnest. (Hear! hear!) It means commitment to a public policy of—

Anti-Combine ocean transportation.

Control of ocean rates by the government.

Reasonable freight rates on natural products.

Erection in Great Britain of cold storage accommodation.

Distribution of natural products overseas under a system whereby the enormous profits now retained abroad shall be returned to the Canadian producers.

It is to this policy I ask for public approval. (Applause.) This should



overshadow many other public questions now being discussed. The effect of the solution which I propose of the problem in question will be too widespread to be called class legislation. It will give the farmer a fair return for his labor. Every other interest in the Dominion will benefit by his prosperity. It will be an inducement for remaining on returning to the land. It will enable the farmer to meet the new conditions as well as to bear cheerfully the increased cost of farm labor. (Hear! hear!) Powerful interests will be ranged in opposition to my proposals, but at the same time, if the farmers are true to themselves, much more powerful interests will be ranged in support of them. (Applause.) The weal or woe of farming communities will be settled for many years by your decision on these questions, and I believe that I can confidently appeal to your good judgment in the matter. (Applause.)

#### Nomination of W. T. R. Preston

Following this speech the Convention proceeded to consider the selection of a candidate for the House of Commons at the next election. Mr. Thomas Baker, Reeve of Darlington, proposed Mr. W. T. R. Preston, of Port Hope, as the nominee of the Convention. He considered that the policy suggested by Mr. Preston to be the salvation of the agricultural interests of this Province. Mr. W. A. F. Campbell, of Port Hope, seconded the nomination. No other nominations being made, Mr. Preston's nomination was adopted unanimously by a standing and enthusiastic vote.

In accepting the nomination Mr. Preston thanked the Convention for the honor conferred upon him. He had not expected this, nor had he taken the slightest action towards securing it. He had worked for the

solution of the problems of which he had spoken for many years, and which were so vital to the farmers of his native Province, without ever expecting to fight for their accomplishment on the lines now looming up. While he had addressed them specially in reference to the apple trade, he desired them to remember that his arguments applied with equal force to every commodity for which the overseas market was available. Enormous influences would be introduced into this Riding to secure his defeat, but much more to prevent the operation of the policies which he had outlined, but that prospect did not deter him from accepting the nomination. (Laughter and applause.) It rather added interest to the conflict. (Cheers.) He wanted to win, and he could not fail if the farmers were true to themselves. It was their fight more than it was his. (Hear! hear!) His personality would disappear in a short time, but the effect of the successful operation of the policy which he advocated would descend to their children and grandchildren. His personal knowledge of conditions overseas was the assurance that he understood the questions at issue. For these reasons he believed that he could appeal to the sober judgment of the old electors and the newly enfranchised womanhood to give him their hearty support. (Applause.) Their ballots will outweigh all the adverse outside influences which will be brought to bear against his success at the Pons. With these considerations he cheerfully entered the contest, firmly convinced that he was fighting for great principles, the fulfillment of which would bring peace, contentment and prosperity to the great rural population of this country. (Enthusiastic applause.)

# CUSTOM DUTIES OR DIRECT TAXATION

I am frequently asked to explain the difference between the policy of the United Farmers, represented in this Riding by their nominee for the House of Commons, Mr. T. A. Reid, and the policy of the Liberal Party, represented by my nomination for the Federal Parliament.

The published policy of the U.F.O. declares in unequivocal terms for the abolishment of all Customs duties, and in favor of direct taxation to provide the revenue which will be lost by the abolishment of Customs duties.

In view of the necessity of providing for an annual expenditure of \$500,000,000 a reasonable policy of Customs duties is essential to provide at least \$250,000,000 from this source annually.

From the standpoint of either population, wealth, assessment or the aggregation of municipal taxation, it is a reasonable proposition that upon either one of these basis, at least \$1,000,000 would be assessable to each electoral district in this Province under the U.F.O. platform upon which Mr. T. A. Reid unquestionably stands.

This means the following distribution of taxation for Federal purposes every year upon each of the following municipalities:

|                     |                 |                                     |
|---------------------|-----------------|-------------------------------------|
| Bowmanville ....12  | %....\$ 120,000 | Municipal taxes, 1918 ....\$ 61,000 |
| Cartwright .....05  | %.... 50,000    | Municipal taxes, 1918 .... 20,800   |
| Cavan..... ....10   | %.... 100,000   | Municipal taxes, 1918 .... 47,000   |
| Clarke ..... ....13 | %.... 130,000   | Municipal taxes, 1918 .... 48,500   |
| Darlington.. ....15 | %.... 150,000   | Municipal taxes, 1918 .... 51,400   |
| Hope..... ....10    | %.... 105,000   | Municipal taxes, 1918 .... 42,500   |
| Manvers.... ....10  | %.... 100,000   | Municipal taxes, 1918 .... 28,000   |
| Millbrook... ....03 | %.... 30,000    | Municipal taxes, 1918 .... 6,200    |
| Newcastle.. ....02½ | %.... 25,000    | Municipal taxes, 1918 .... 8,000    |
| Port Hope... ....19 | %.... 190,000   | Municipal taxes, 1918 .... 87,000   |

Totals.. .... \$1,000,000

\$401,300

It is clear, therefore, that for each \$1 now levied for municipal taxation, every ratepayer will have to pay annually to the Dominion Treasury, under the U.F.O. policy, in Bowmanville, \$2; Cavan, \$2; Cartwright, \$2.50; Clarke, \$2.75; Darlington, \$3; Hope, \$2; Manvers, \$3.75; Millbrook, \$3; and Port Hope, \$2.25.

If, for instance, your tax bill in Darlington is \$75, multiply that amount by \$3, your payment to the Finance Minister at Ottawa will be \$225 every year.

Every elector may figure out what his Dominion tax will be under such a policy by looking up his own municipal tax bill.

And against this taxing proposition of the U.F.O., I am unalterably opposed, and I am supported in this course by the policy and traditions of the Liberal policy, just as Mr. T. A. Reid is supported in his course by the policy of the Party of which he is the nominee in this Riding.

Upon this issue alone there is a clear and distinct line of cleavage between Mr. Reid and myself. Whatever doubt there may be upon other questions there is no possible doubt on this.

I think I can, therefore, appeal not only to the farmers of this Riding, but to the general electorate for their support in opposition to any proposal to abolish Customs duties in favor of direct taxation.

W. T. R. PRESTON.

